

CHAPTER VI - DEMILITARIZATION AND CONTROL OF GOVERNMENT PROPERTY IN THE POSSESSION OF CONTRACTORS

A. GENERAL. *This chapter covers policy and procedures for the demilitarization and control of U.S. Government owned excess and surplus personal property and FEPP that is furnished to, or acquired by DoD contractors or sub-contractors and is a MLI or CCLI.*

B. APPLICABILITY. *The provisions of this Chapter are applicable to ACOs, PCOs, Installation Contracting Officers (COs), PAs, PLCOs and QA personnel that are responsible for DoD contracts and to DoD contractors and sub-contractors in possession of Government property determined to be MLIs/CCLIs.*

C. RESPONSIBILITIES.

1. DoD Component's contracting activities will:

a. Ensure that all purchase requests/contracts include all applicable Defense Federal Acquisition Regulation Supplement (DFARS) demilitarization and TSC requirements.

b. Ensure that a demilitarization code is assigned, in accordance with this Manual, and provided to the contractor for each item of Government furnished property.

c. Ensure that any specific demilitarization requirements, over and above those required by this Manual, are included in the purchase order/contract.

2. DCMC will:

a. Ensure that all property reported as excess to contract requirements has been assigned an accurate demilitarization code prior to disposition.

b. Ensure that the contractor includes in any sales contract offering MLI/CCLI, as a minimum, the required sales terms and conditions required by DFARS 245.

c. Ensure that the demilitarization and TSCs, as required by DFARS 245, are applied.

3. The TSCRO, in coordination with the PLCO, will ensure that the TSCs imposed by the terms and conditions of the sale of such material are applied.

D. PROPERTY CONTROL SYSTEM: *When either the ACO, PA or PLCO determines that implementing instructions for demilitarization or TSCs are required, the contractor's property control system must reflect the necessary control requirements. The specific requirements will be communicated by the ACO, PA or PLCO in discussions with the contractor. The PA will work closely with the contractor to establish and approve changes to the contractor's property control system. (Refer to FAR 45 and DFARS 245 for prescriptive language.)*

E. DEMILITARIZATION CODES.

1. The Government contracting activity will ensure that an accurate demilitarization code is provided to the contractor for all property furnished by the Government. The contractor's property control system should require the PA to be notified when any government furnished property is received without a demilitarization code. The PA will request the code from the contracting activity or other appropriate entity.

2. In accordance with the clause at DFARS 245, the contractor will include an accurate demilitarization code for each item reported on inventory schedules generated to report excess government property. If contractors fail to assign

the appropriate demilitarization code, corrective action will be taken in accordance with the guidelines contained in FAR Part 45.

F. TRADE SECURITY CONTROLS.

1. Whenever the PLCO authorizes the contractor to conduct the sale or other authorized release of MLIs/CCLIs, TSCs as outlined in Chapter III, this Manual, must be applied. PLCOs will ensure that the contractor includes the appropriate sales terms and conditions required by DFARS 245. The terms and conditions of sale provide specific guidance to the contractor, bidder/purchaser, PLCO and the TSCRO on the application of TSC. TSCs shall be required with all offers/bids regardless of the sales method used (formal, informal, or non-competitive (negotiated)).

2. Prior to a sale award, the PLCO will determine the bidder's eligibility by reviewing the CBL and BEL maintained by DRMS. Awards can be made to bidders appearing on the CBL. Bids/offers will be considered non-responsive for bidders appearing on the BEL and may not be considered for award. In the event that a bidder/offeror does not appear on either list, a pre-award check and clearance must be conducted by the TSCRO. The check is initiated by the PLCO forwarding a copy of the EUC(s) and item description(s) to the appropriate TSCRO. For additional information regarding disposition/sale of MLI/CCLI, see Chapter III.